

## SUSTAINABILITY IS THE NAME OF THE GAME

*With a burst of energy Con Fauconnier enters his company's boardroom with the verve of a person at the top of his game. "What would you like to drink?" he asks, and then fervently starts talking about Kumba Resources, one of the world's largest exporters of iron ore.*

Considering South Africa's history of change, especially over the past decade, very few companies globally can boast the experience in change management gained by those in South Africa and Kumba Resources is no exception. Three years ago it was known as Iscor Mining, before the company split from its steel-producing parent, Iscor Limited.

Kumba's business centres on four key commodities: iron ore, coal, base metals, and heavy minerals. Its coal business includes the largest and lowest-cost coal mine in South Africa as well as long-term supply contracts with Iscor and the South African power utility, Eskom.

Kumba is also the world's fourth largest exporter of iron ore, accounting for about 80% of South Africa's iron ore exports and four percent of the world's iron ore seaborne trade.

At the helm of these operations is Kumba's dynamic chief executive, Doctor Con Fauconnier. His ability to transform the once ailing, state-owned organisation into a money-spinner is credited to an operating efficiency that his rivals struggle to match. He however acknowledges that the "Kumba constituency is bigger than shareholders alone, so we adopted a multi stakeholder approach, which considers the rights of all who deal with us, directly or indirectly."

Kumba also acknowledges the fact that mines are wasting assets and that no mining company has the right to rob the earth of the inheritance of future generations, Fauconnier says. "We have to seek and evaluate new business opportunities regularly, and these must meet our strategic criteria of adding value on a sustainable basis and diversifying its income stream," he says.

Kumba Resources aspires to be measured by the company's triple-bottom-line performance indicators: people, planet and profitability. According to Fauconnier, Kumba trains over 20% of the entire artisan force in the South African mining industry. About six percent of Kumba's payroll is spent on training; nearly double that of the entire mining industry and almost four times that of the national industry. Fauconnier enthuses that "the return



Leon Liebenberg

→ Doctor Con Fauconnier

on investment has been a highly motivated workforce, resulting in the company's retention of its people throughout the turbulence of Kumba's successive change programmes."

"For Kumba Resources, sustainability is more than a business imperative, it is integral to the foundation values that guide the way we do business. This is evident in our practices, and in our passion to improve the quality of life in the communities in which we operate," Fauconnier says.

Like other major mining companies, Kumba Resources now reports on the triple-bottom-line basis: economic, social and environmental impact. This acknowledges affected communities as important stakeholders in sustainable business practices, as mining companies have moved away from financial philanthropy to consultative social development.

Doctor Con Fauconnier loves people. He enthuses that Kumba manages its business through the superlative skills of its people, not by rules and regulations. "It's about empowering the workforce, removing hurdles, and allowing people to accept responsibility for those decisions you have empowered them to take," he says.

Kumba has adopted global best practices and sustainability as equally important performance indicators to profitability. And profit there has been. Kumba Resources recently reported a 13% increase in revenue (that's about R8.45 billion), compared to the previous year, despite the consistent strengthening of the Rand against the US dollar. It is apparent that Fauconnier believes that profit, not output, should be the benchmark for an industry traditionally run by volume junkies.

Kumba has for the second successive year been nominated as the "Best Company to work for in Mining Industry," in a survey conducted by Deloitte and the Financial Mail. Kumba is also one of only 51 companies included in the Johannesburg Stock Exchange's new Socially Responsible Investment Index. Empowerdex also ranked Kumba first in its industry and eighth overall on empowerment. Edward Nathan and Friedland rated Kumba's 2003 annual report as "an excellent start on the road to full sustainability reporting," while Ernst and Young in 2004 rated Kumba's annual report as number three in South Africa. Fauconnier also explains in no uncertain terms, that sustainability is a dynamic process that requires constant monitoring, continuous improvement and group-wide commitment. It also requires careful identification of key risks and appropriate systems and processes to manage these risks for present and future generations.

Fauconnier has just returned from a business trip to China, where Kumba is a 60% stakeholder in the Chifeng zinc smelter. "The Chinese talk about 'guanxi' in their business transactions, which may be translated as 'win-win relationships'. It's the same approach that is so firmly entrenched in Kumba's business philosophy. We are very serious and passionate about the creation of a learning, rewarding, culturally tolerant environment where employees will choose to remain. This corporate culture will also have a spin-off in Kumba's relationship with its broader target markets like shareholders and customers, and ultimately the communities in which we operate," Fauconnier says.

Dr Con Fauconnier is an affable and low-key manager who prefers to give credit to his predecessors and subordinates rather than himself. His staff also describes him as a nimble problem-solver, quick to adapt to conditions at hand. It is therefore only appropriate that Fauconnier, the "hurdle remover" in sustainable development, was the recipient of the prestigious Boss of the Year® Award in 2004. ●

*Interviewed by Leon Liebenberg*



→ Kumba's Grootegeluk coalmine is the largest open cast mining operation in the world. 17 million tons of low-cost coal is produced here annually, mainly for the nearby Matimba power station.